



DEPARTMENT OF MANAGEMENT AND BUDGET

FAIRFAX COUNTY ECONOMIC INDICATORS ©

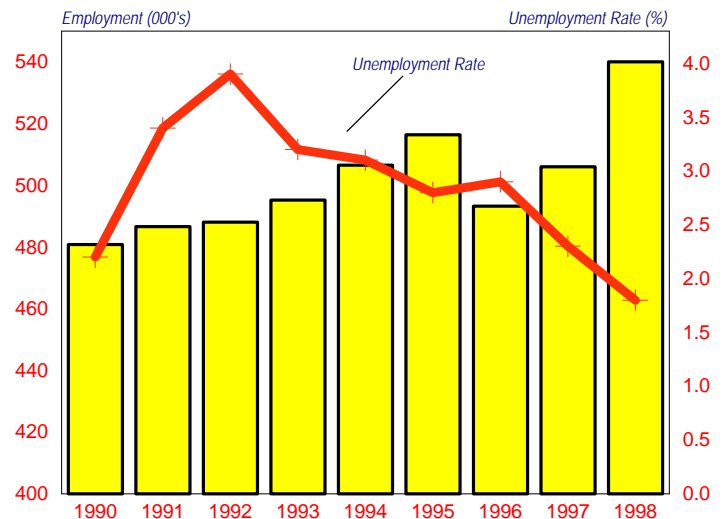
Publication 78

OCTOBER 1998

OCTOBER HIGHLIGHTS

- ❑ The County's unemployment rate inched up 0.1 point to 1.8 percent in August, according to data reported by the Virginia Employment Commission.
- ❑ Approximately 41,000 jobs will be added in Northern Virginia during 1998, according to analysts at the Bureau of Business Research. Job growth in Northern Virginia has averaged more than 4.0 percent in five of the last six quarters.
- ❑ Fairfax County's October Sales Tax receipts, representing retail purchases made in August, were \$8.8 million, up 9.1 percent over the prior year. Through October, fiscal year sales tax receipts total \$27.2 million, and lead the prior year by 9.6 percent.
- ❑ Issues of new residential dwelling permits are up relative to the prior year.
- ❑ The sales volumes of all types of existing homes through August continue to outpace that of 1997 by significant margins. By contrast, the sales volume of new single family homes and townhomes indicate only modest increases over the prior year.
- ❑ The Conference Board's South Atlantic and National Consumer Confidence Indices dropped significantly in September.
- ❑ Both the Fairfax County Coincident and Leading Indices declined slightly in August, indicating slower economic growth in 1999.
- ❑ The Virginia Leading Index dropped to its lowest level since January 1998, falling 1.6 points to 165.3 in August. Investor confidence declined significantly in this period, declining 1.9 points to 27.4, its lowest level since March 1992.

RESIDENTIAL EMPLOYMENT- AUGUST



Source: Virginia Employment Commission
Compiled by the Fairfax County Dept. of Management and Budget

The County's unemployment rate inched up to 1.8 percent in August...

The County's unemployment rate inched up 0.1 point in August to 1.8 percent, according to the Virginia Employment Commission (VEC). Consistent with recent trends, the unemployment rate is notably below that of one year ago when a rate of 2.3 percent was recorded. The VEC also reported that 540,060 Fairfax County residents were employed in August, up 6.7 percent, or 33,981 jobs, over the prior year.

Northern Virginia experiencing significant job growth in 1998...

The Northern Virginia region has experienced significant job growth in 1998. As reported by analysts at the Bureau of Business Research of the College of William and Mary, approximately 41,000 jobs will be added in Northern Virginia during 1998. Job growth in the region has averaged an increase of more than 4.0 percent for five out of the six last quarters. It should be noted, however, that tight labor markets do constrain businesses and reduce profits as employees can demand higher salaries. Northern Virginia is fueling much of the State's significant growth, as reported by analysts at the Bureau of Business Research. Currently, Northern Virginia accounts for 39.0 percent of the State's total wages and salaries and is expected to comprise approximately 43.0 percent by 2007. In fact, analysts at the Bureau of Business Research also predict an increase of 285,000 jobs, or 28.0 percent, in Northern Virginia by 2007, resulting in a gain of 59.0 percent in real wages and salaries. As a result, a 24.0 percent gain in real payroll per job is anticipated. Significant job growth is expected in the high-tech and new-tech industries.

The *Fairfax County Economic Indicators* is on the Web and can be accessed at:

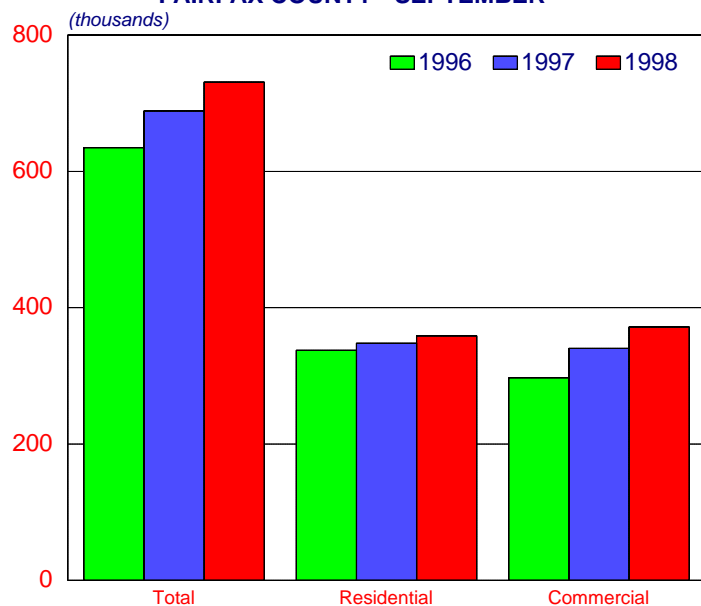
<http://www.co.fairfax.va.us/comm/economic/economic.htm>



The unemployment rates on both the State and national levels remained unchanged in August...

The Commonwealth's unemployment rate remained constant at 3.1 percent in August. Again, this rate is notably below that of the prior year, when the State's unemployment rate was 3.9 percent, due to significant employment growth. Analysts at the Bureau of Business Research estimate that approximately 100,000 new jobs will be added in 1998 to the Virginia economy, reflecting employment growth of 3.1 percent. Nationally, the unemployment rate remained unchanged at 4.5 percent in August.

BELL ATLANTIC TELEPHONE LINES FAIRFAX COUNTY - SEPTEMBER



Source: Bell Atlantic
Compiled by the Fairfax County Dept. of Management and Budget

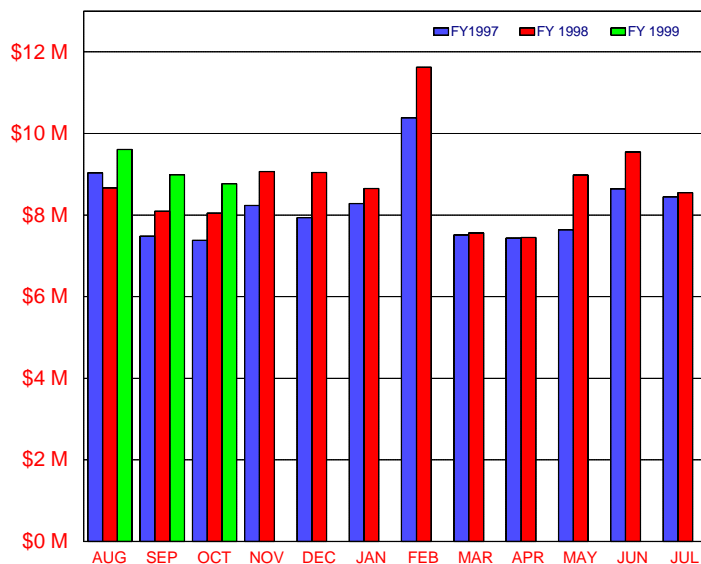
The number of telephone lines in the County increased by 6.1 percent in September...

As of September 30, 1998, Bell Atlantic, the primary provider of local telephone service in Fairfax County, maintained 730,707 telephone lines, up 42,294 lines, or 6.1 percent, over September 1997. The business sector added the majority, or 31,367, of the new telephone lines over the past 12 months. Total business lines in the County are up 9.2 percent to 371,833 lines. Residential telephone lines totaled 358,874 as of September, an increase of 10,927 lines, or 3.1 percent, over the prior year.



SALES TAX REVENUES

(revenues represent retail sales two months prior)

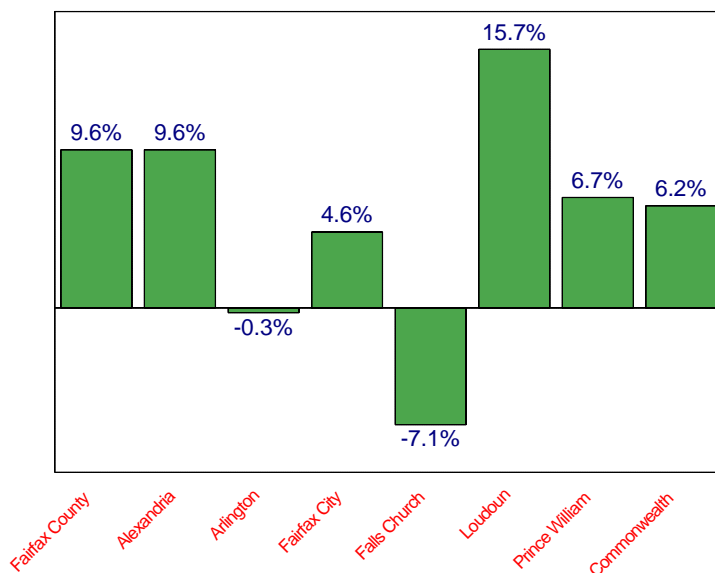


Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

The County's sales tax receipts top the prior year by 9.6 percent through October...

Fairfax County's October sales tax receipts, representing retail purchases made in August, were \$8.8 million and topped the prior year by 9.1 percent. To date, fiscal year sales tax receipts total \$27.2 million and lead the prior year by a 9.6 percent margin.

FY 1999 SALES TAX RECEIPTS -THROUGH OCTOBER



Source: Virginia Department of Taxation
Compiled by the Fairfax County Dept. of Management and Budget

**Retail performance
in August varied
throughout
Northern Virginia...**

August retail performance, as indicated by October sales tax receipts, throughout Northern Virginia was extremely varied. October sales tax receipts ranged from an increase of 14.6 percent in Loudoun to a decrease of 7.1 percent in Arlington. Sales tax receipts through October are up 15.7 percent in Loudoun, 9.6 percent in Alexandria, 6.7 percent in Prince William, and 4.6 percent in Fairfax City. By contrast, cumulative sales tax receipts trail the prior year by 7.1 percent in Falls Church and 0.3 percent in Arlington. The Commonwealth experienced a 2.0 percent increase in October sales tax receipts. As a result, cumulative sales tax receipts for the Commonwealth top the prior year by 6.2 percent.

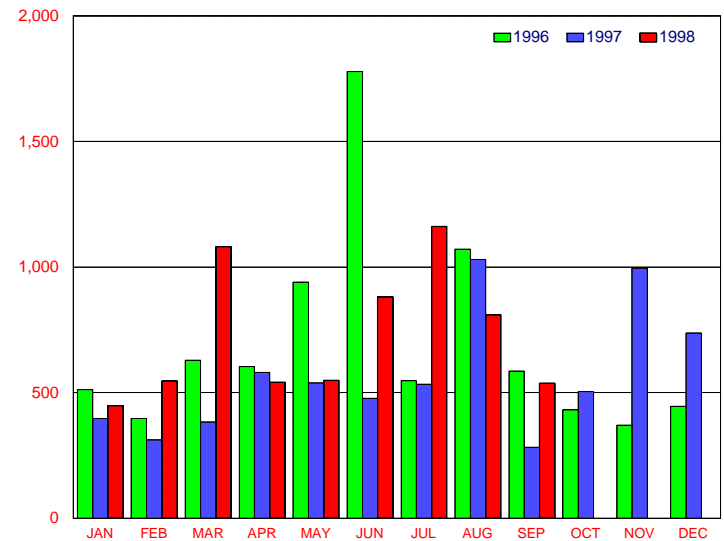
**National retail sales in
August lead the prior
year by 2.5 percent...**

According to the Commerce Department, August retail sales on the national level lead the prior year by a moderate 2.5 percent. Durable goods sales posted an advance of 3.1 percent, reflecting gains in two of its major components. Nondurable goods sales advanced 2.2 percent relative to the prior year. Once again, five of the six major components in this category made positive contributions, ranging from an increase of 1.7 percent to 8.4 percent. Drug and proprietary stores, as well as general merchandise group stores, experienced significant gains, while food stores reported a more moderate advance. In contrast, gasoline service stations continue to post declines relative to last year.

**The number of nonresi-
dential permits issued by
the County through
September trails the prior
year by 4.0 percent...**

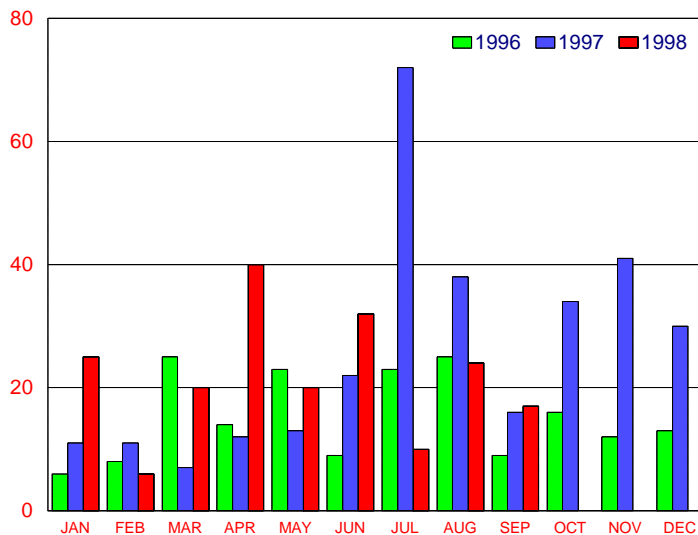
The number of nonresidential permits issued by the County in September exceeded that of the prior year by 6.3 percent, or one permit. To date, however, a cumulative deficit of 4.0 percent, or 8 permits, exists relative to 1997. A total of 194 permits have been issued to date. The number of nonresidential repair and alteration permits issued by the County in October reflect a significant gain of 8.1 percent, or 24 permits. Thus, the number of nonresidential repair and alteration permits issued to date leads the prior year by 2.5 percent, or 72 permits.

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW DWELLINGS**



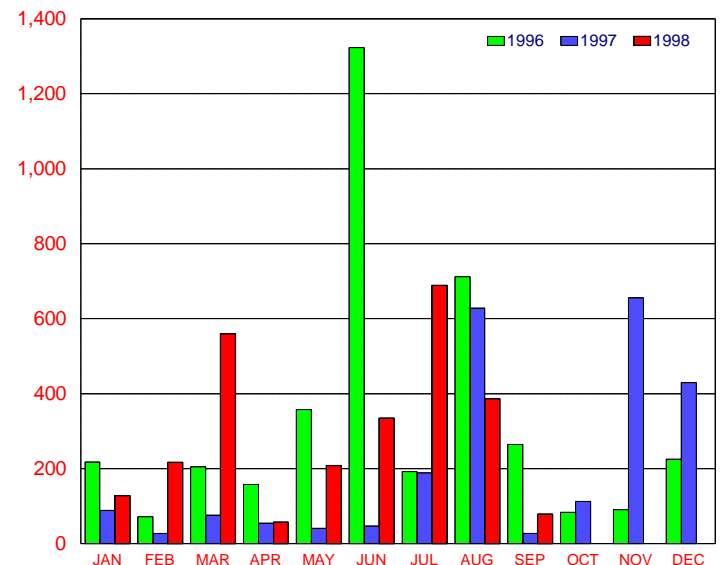
Source: Department of Environmental Management
Compiled by the Fairfax County Dept. of Management and Budget

**NUMBER OF NONRESIDENTIAL BUILDING PERMITS
NEW STRUCTURES**



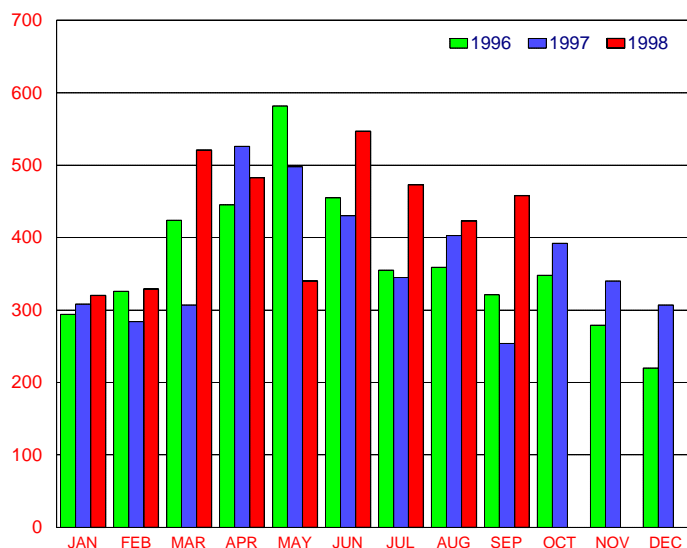
Source: Department of Environmental Management
Compiled by the Fairfax County Dept. of Management and Budget

**NUMBER OF RESIDENTIAL BUILDING PERMITS
NEW MULTIFAMILY DWELLING**



Source: Department of Environmental Management
Compiled by the Fairfax County Dept. of Management and Budget

NUMBER OF RESIDENTIAL BUILDING PERMITS NEW SINGLE FAMILY DWELLINGS



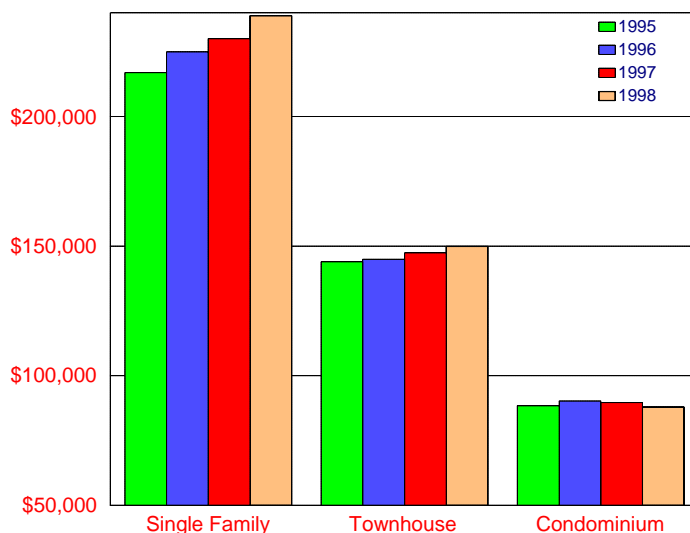
Source: Department of Environmental Management
Compiled by the Fairfax County Dept. of Management and Budget

The number of residential building permits issued nationally also up through September...

The Commerce Department also reported that the number of residential building permits issued nationwide through September continues to exceed that of the prior year. Issues in 1998 now lead 1997 by a 10.0 percent margin, with growth experienced in all four regions. Residential building permit issues are up 13.3 percent in the South, 9.7 percent in the West, 6.7 percent in the Northeast, and 5.0 percent in the Midwest.

HOME SALES IN FAIRFAX COUNTY

MEDIAN PRICE OF EXISTING HOMES SOLD JANUARY- AUGUST 1998 COMPARED TO ANNUAL MEDIAN PRICES 1995 - 1997



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Issues of new residential dwelling permits rebound in September...

Issues of new residential dwelling permits in September rebounded sharply from the prior month's decrease, surpassing September 1997 by 90.4 percent, or 255 permits. With this significant gain, the total number of permits issued to date is 6,556 and tops the prior year by 44.5 percent, or 2,020 permits. This significant lead is primarily due to gains in the multifamily component. To date, 2,662 permits have been issued for multifamily structures, reflecting an increase of 125.4 percent, or 1,481 permits relative to last year. Permit issues for single family structures total 3,894 through September, up 16.1 percent, or 539 permits, relative to 1997.

The number of residential repair and alterations permits issued in September declined moderately...

The number of residential repair and alteration permits issued in September dropped 3.2 percent, or 43 permits. With this decrease, the total number of residential repair and alteration permits issued to date trails the prior year by 2.3 percent, or 257 permits, with 11,014 issued thus far.

New privately owned housing starts on the national level lead the prior year through September...

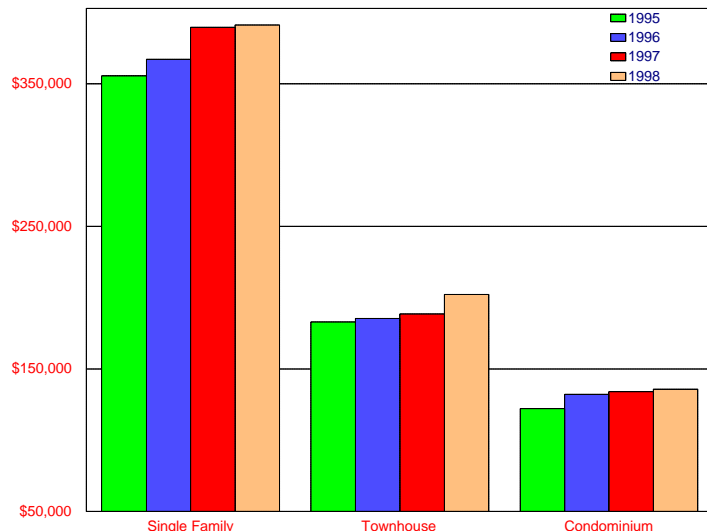
New privately owned housing starts on the national level continue to lead the prior year. Through September, housing starts are outpacing 1997 by 9.2 percent, according to the Commerce Department. Regionally, the West is registering the greatest lead with a 10.9 percent increase, followed by gains of 9.7 percent in the South, 7.5 percent in the Northeast and 6.8 percent in the Midwest.

Modest increases in the median selling prices of existing single family and townhomes ...

Based on sales data through August, the median selling prices of existing single family and townhomes continue to exhibit modest increases, while that of existing condominiums still lags slightly behind 1997. The median selling price of existing single family homes sold through August is \$239,000, an increase of \$9,000, or 3.9 percent, over 1997's median selling price of \$230,000. Similarly, a median price of \$149,900 has been established for existing townhomes sold through August, up 1.6 percent over the \$147,500 registered in 1997. By contrast, existing condominium sales through August continue to indicate a decline in the median selling price, dropping 1.8 percent to \$88,000 from 1997's \$89,625.

Please note that staff verifies that each real estate transaction is an arms-length sale. In doing so, these data may be revised in the coming months.

**MEDIAN PRICE OF NEW HOMES SOLD
JANUARY - AUGUST 1998 COMPARED
TO ANNUAL MEDIAN PRICES 1995 - 1997**

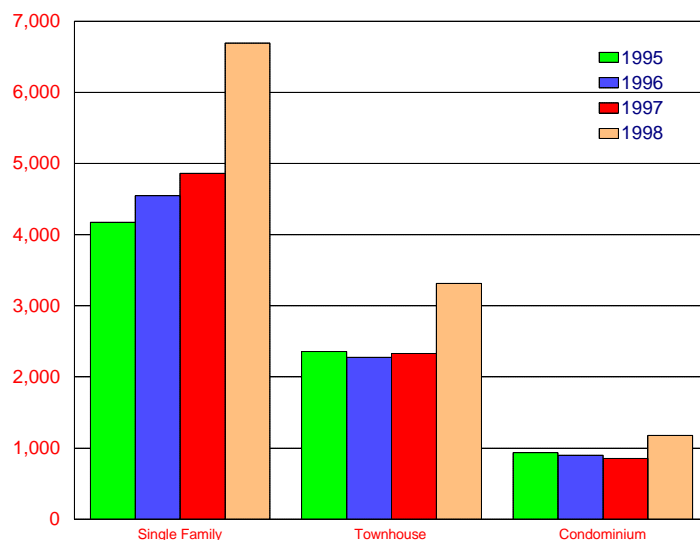


Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Through August, the median selling prices of all types of new homes have increased...

In comparison to the existing home market, sales data through August indicate increases in the median selling prices of all types of new homes, albeit modest leads in the prices of single family homes and condominiums. Through August, the median selling price of new single family homes has increased a slight 0.4 percent to \$391,272 from the \$389,747 established in 1997. The median selling price of new condominiums also increased slightly, topping 1997's \$134,038, by 1.3 percent to \$135,819. The median selling price of new townhomes has increased a more significant 7.3 percent to \$202,180 over the \$188,481 established in 1997.

**NUMBER OF EXISTING HOMES SOLD
JANUARY - AUGUST**



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

**PERCENTAGE CHANGE IN MEDIAN PRICE OF HOMES SOLD
JANUARY - AUGUST 1998 COMPARED TO 1997 ANNUAL**

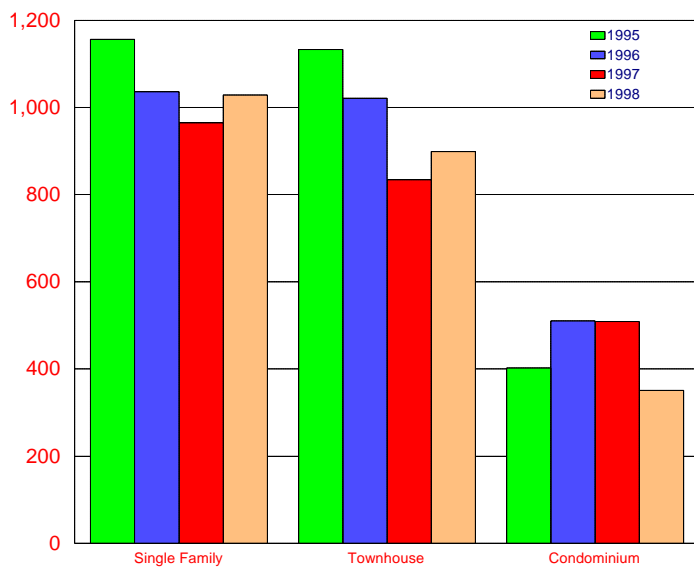
	Existing Sales	New Sales
Single Family	3.9	0.4
Townhouse	1.6	7.3
Condominium	-1.8	1.3

Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

The sales volumes of all types of existing homes continues to top that of the prior year through August...

The sales volumes of all types of existing homes in August continued to outpace that of one year ago by significant margins, contributing to the year-to-date lead established in prior months. To date, 3,315 existing townhomes have been sold, up 42.3 percent, or 986 units as compared to 1997. Sales of existing condominiums for this period top the prior year by 37.9 percent, or 324 units. Through August, 6,694 single family homes were sold, topping the prior year by a 37.7 percent lead, or 1,832 homes.

NUMBER OF NEW HOMES SOLD JANUARY - AUGUST



Source: Department of Tax Administration
Compiled by the Fairfax County Dept. of Management and Budget

Sales volume of new condominiums lag significantly behind 1997 through August...

In contrast to the existing home market, sales of new condominiums lag significantly behind the prior year, while sales of new townhomes and single family homes indicate

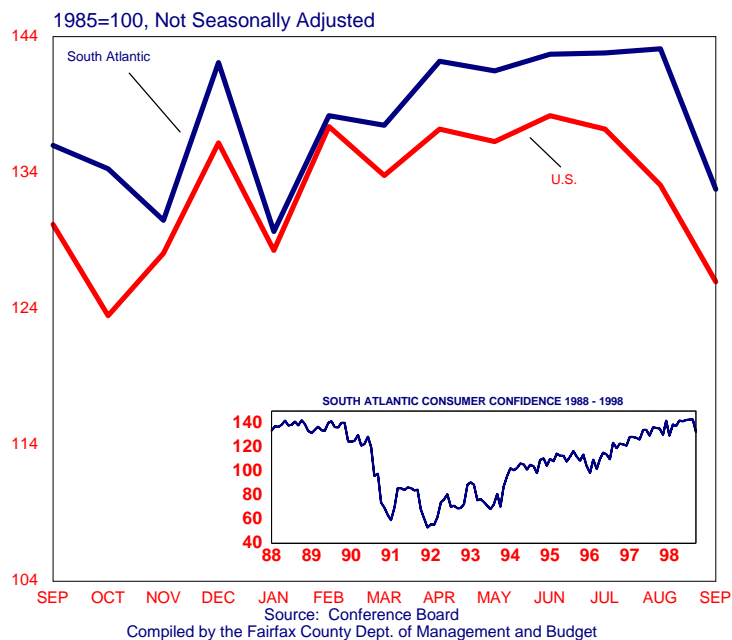
moderate increases. Through August, 899 new townhomes have been sold, an increase of 7.8 percent, or 65 units over the prior year. Through this period, 1,029 single family homes have been sold, indicating an increase of 6.6 percent, or 64 homes. By contrast, the sales volume of new condominiums continues to lag behind last year, with only 351 units sold to date, a decrease of 31.0 percent, or 158 units, below the prior year.

The sales volume of new homes nationwide is up 9.6 percent through August

The year-to-date sales volume of new homes nationwide leads the prior year by 9.6 percent through August, according to the Commerce Department. New home sales through August are up 17.2 percent in the Midwest, 11.0 percent in the West and 7.9 percent in the South. In comparison, sales of new homes are up a slight 1.8 percent in the Northeast.

ADDITIONAL INDICATORS

CONSUMER CONFIDENCE INDICES



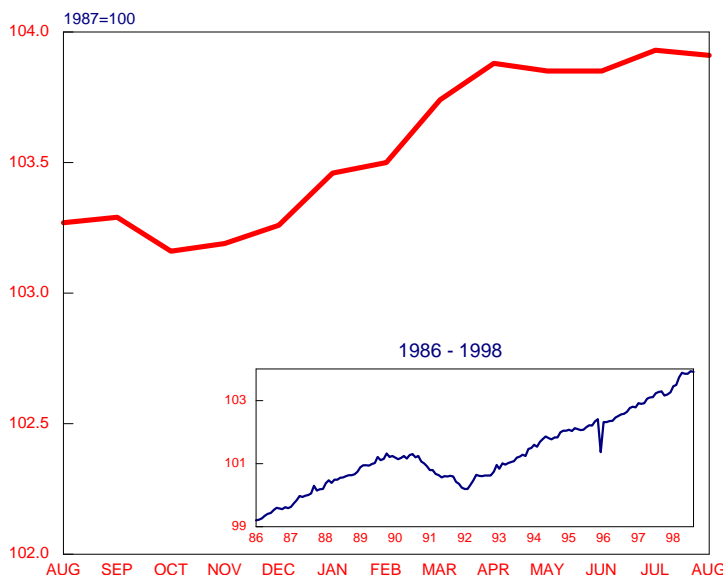
Both the National and South Atlantic Consumer Confidence Indices dropped to their lowest levels since January 1998 in September...

The Conference Board's South Atlantic Consumer Confidence Index registered a significant decline in September, dropping 10.3 points to 132.8, its lowest point since January 1998. This

is also the largest one-month drop for the Index since January 1998, with the Index now lagging by more than 3.0 points relative to last year. The national Consumer Confidence Index also declined significantly in September, dropping 7.1 points to 126.0. Again, this is the lowest level since January 1998. According to analysts at the Conference Board, concerns about the short-term outlook, caused by volatile domestic and international financial markets, were the primary reasons for the decline. However, consumers appear confident with respect to current economic conditions. Analysts at the Conference Board expect consumers to rebound quickly and, therefore, do not anticipate a significant slowdown in economic activity.

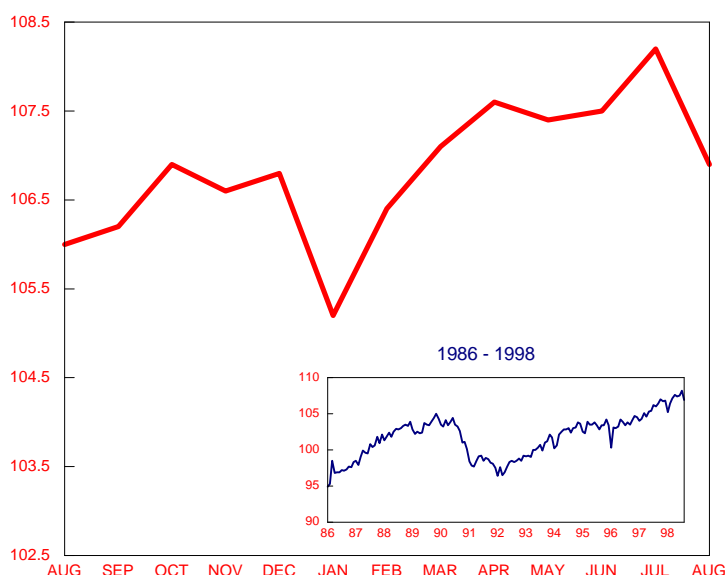
The following section includes a discussion of economic indices for three different geographic entities. The coincident indices assess current economic performance, while the leading indices signal what economic conditions will be in 9 to 12 months for the respective economies. Fairfax County's Indices are discussed first, followed by the Metropolitan Indices which consider the Washington Metropolitan economy and the Virginia Indices which focus on the entire Commonwealth. Together, these indices are intended to provide a broad assessment of the economic climate confronting, and likely to impact, County residents and businesses.

FAIRFAX COUNTY COINCIDENT INDEX



Sources: Center for Regional Analysis, George Mason University
Fairfax County Dept. of Management and Budget

METROPOLITAN COINCIDENT INDEX



Source: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Coincident Index has remained essentially flat for the past four months...

The Fairfax County Coincident Index, which represents the current state of the County's economy, decreased a slight 0.02 points to 103.91 in August. The Index has remained relatively flat in the past four months, following six months of gains. Three of the Index's four components made negative contributions in August. Transient occupancy tax collections, adjusted for inflation and seasonal variation, decreased for a third consecutive month; sales tax receipts, adjusted for inflation and seasonal variation, declined slightly; and consumer confidence declined for the first time since January. In contrast, total employment increased for the seventh time in eight months.



The Metropolitan Coincident Index declined 1.3 points in August, with losses in all four components...

The Metropolitan Coincident Index, which reflects the current state of the Washington Metropolitan area economy, declined 1.3 points in August, dropping to 106.9. The Index is now only 0.7 points above its August 1997 level. All four the Index's components reflected losses in August. Relatively minor losses were reflected in total wage and salary employment, nondurable goods sales, and consumer confidence, while domestic airport passenger volume at the Ronald Reagan National Airport decreased significantly.

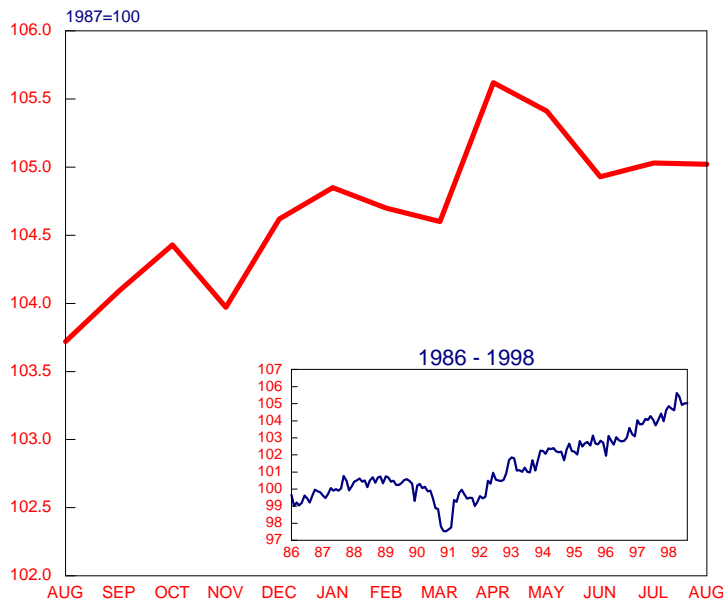


According to the August Virginia Coincident Index, 5.2 points have been gained during the last 12 months...

Crestar Bank's Virginia Coincident Index advanced 0.4 points to 157.1 in August, increasing for the third consecutive month. Over the past 12 months, the Index has gained 5.2 points, reflecting the strength of the current Virginia economy. Four of the Index's six categories made positive contributions, while one remained flat and another declined moderately. Electricity consumption and manufacturing employment registered more significant gains, while more moderate advances were made by real taxable retail sales and total non-farm employment. Real bank deposits remained flat, while real average hourly wages registered a decline.

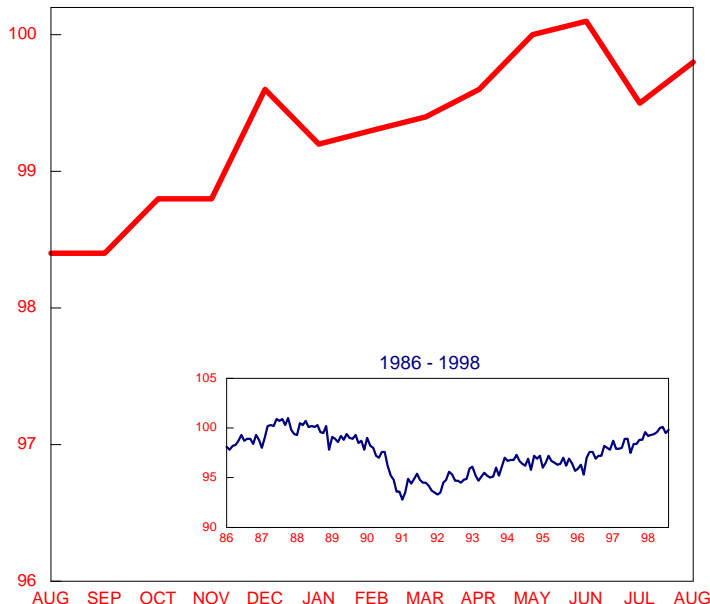


FAIRFAX COUNTY LEADING INDEX



Sources: Center for Regional Analysis, George Mason University
Fairfax County Dept. of Management and Budget

METROPOLITAN LEADING INDEX



Source: Center for Regional Analysis, George Mason University
Compiled by the Fairfax County Dept. of Management and Budget

The Fairfax County Leading Index has declined in five of the year's first eight months...

The Fairfax County Leading Index, which is designed to forecast the performance of the County's economy 9 to 12 months in the future, declined 0.01 point to 105.02 in August. The Index has now declined in three of the last four months and in five of the year's first eight months. The Index is up overall for the year, however, due to April's strong performance. Three of the Index's five components made positive contributions in August. Initial claims for unemployment insurance decreased (improved) after increasing the two prior months; consumer expectations (consumer confidence six months hence) in the South Atlantic region increased; and the mean value of residential building permits increased significantly after declining for three consecutive months. In contrast, new automobile registrations declined sharply and have been down in three of the past four months and residential building permits decreased following two strong monthly gains.



The Metropolitan Leading Index increased modestly in August...

The Metropolitan Leading Index, which is designed to forecast local economic performance in the Washington Metropolitan area 9 to 12 months in advance, increased a moderate 0.3 points to 99.8 in August. With this gain, the Index now leads the prior year by 1.1 points. Of the Index's five components, initial unemployment claims declined (improved) significantly, while consumer expectations and help wanted index components made only modest gains. In contrast, durable goods sales dropped slightly while total building permits experienced a more significant drop.



The Virginia Leading Index dropped 1.6 points to 165.3 in August, its lowest level since January 1998...

The August Virginia Leading Index, produced by Crestar Bank, dropped to its lowest level since January 1998 and registered the largest monthly decline on record, pointing to a slowing down of the economy at the beginning of next year. The Index declined 1.6 points to 165.3 in August and is leading the prior year by only 2.2 points. Of the Index's nine components, five, including new business starts, residential building permits, newspaper ad lineage (which measures activity in the labor market), U.S. Leading Index and the value of real nonresidential building contracts, made positive contributions in August. In contrast, initial unemployment claims increased (worsened) along with declines in average weekly hours in manufacturing and new auto registrations. According to analysts at Crestar, investor confidence dropped significantly in August, causing the Virginia Stock Index to fall to its lowest level since March 1992.



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